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NSC BRIEFING

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INDONESIA

The establishment in Indonesia on 30 July of a cabinet strongly influenced by the Communists is sharpening the differences between left and right, and producing political confusion verging on chaos. In this situation the Communists have the opportunity to make considerable headway. Other possible consequences are increasing lawlessness, coup d'etat by the army and police, rebellion by East Indonesian separatist groups and serious economic deterioration.

This unhappy picture came about because the two largest political groups, the Masjumi and the National Parties, which had hitherto cooperated in forming cabinets, have finally split, chiefly because of the latter's increasing cooperation with the Indonesian Communist Party.

The new cabinet, which excludes the Masjumi, was created by the National Party with Communist support. While no Communist party members hold posts, the Nationalists were only able to form a cabinet by naming representatives from several Communist-dominated parties and by the promise of the Communist party vote in Parliament. The government is thus completely dependent on this Communist support to maintain its majority.

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Communist strategy, as out-

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lined [REDACTED] calls for the establishment of a national front government to bring order out of a purposely created political impasse. The inevitable "people's democracy" is scheduled eventually to succeed this national front. This Communist program for Indonesia seems well under way.

Pro-Communists have been appointed to the ministries of defense, justice, finance and economics. The new ministers of foreign affairs and communications have extreme leftist views. The premier, former Ambassador Ali, is a moderate Nationalist appointed as "window-dressing." He will probably try to curb his pro-Communist colleagues but his influence may not be very effective.

Anti-Western policies such as cancellation of TCA aid and pressure on foreign companies can be expected. Cessation of military operations against Communist guerrillas is another probability. Trade with the Soviet Orbit, including the sale of rubber to China, will increase, along with closer diplomatic relations with Moscow and Peiping.

President Sukarno's acceptance of the cabinet was unexpected and suggests that his leftist sympathies are stronger than hitherto believed. His decision appears to mark a break between him and the pro-US Vice President Hatta, which may have far reaching consequences. Hatta will in all likelihood become

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the rallying point for the moderates and he has the greatest capability of any Indonesian leader for halting the disturbing leftist trend.

The Masjumi, supported by Hatta, will try to overthrow the cabinet by subverting its non-Communist support in Parliament. Its success in such an attempt cannot be predicted now but it is certainly possible.

If this cabinet stays in power, Indonesia's first elections, now scheduled for 1954, will either be rigged or indefinitely postponed. Both the Nationalists and the Communists recognize that they have less popular support than the Masjumi and are fearful that their representation in the present appointed Parliament might be greatly reduced.

Another contingency would be a coup attempt by the rightists officers who dominate the army and police at Djakarta. These might even league with the 10,000 man Darul Islam rebels who are fighting to create a theocratic Moslem state. In the event of a rightist coup, certain areas under the command of military leaders supporting President Sukarno, notably East Java and South Celebes, could be expected to declare their allegiance to Sukarno alone.

The greater danger is that no positive political or military action will be taken by the anti-Communist forces. This would give the pro-Communists in the new government time to consolidate

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their control over vital ministries such as Interior, Defense and Foreign Affairs. Then the Communists could proceed to eliminate their opposition piece-meal.

The present political situation as a whole, therefore, looks very gloomy. It is further darkened by deteriorating economic conditions mainly caused by the continuing fall of world rubber prices; rubber is Indonesia's largest export product. The present cabinet is expected to pass nationalization and labor laws which would cripple Indonesian industry and further aggravate the economic slump.